

Ascendis Health profits up 66%

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Integrated health and care brands group, Ascendis Health, delivered continued strong profit growth of 66% to R147 million in the six months to December 2015.

Headline earnings for the half year grew by 48% to R131 million, with headline earnings per share up 37% to 49 cents. An interim dividend of 9.5 cents per share has been declared, 19% higher than the prior year.

Ascendis, which owns a portfolio of market-leading brands for people, plants and animals, continued to benefit from its organic, acquisitive and synergistic growth strategies and an increasing focus on international expansion.

Spanish acquisition

Chief executive officer, Dr Karsten Wellner, says the group's first international acquisition of Spanish pharmaceutical group Farmalider SA, which was bought for R210 million (49% stake), has been performing very well.

"The acquisition is aligned with our international growth strategy of diversifying across different international markets and increasing foreign denominated earnings," he says.

Farmalider develops, licenses and manufactures mainly generic pharmaceutical products, with a leading position in the pharmaceutical management market in Spain and a growing presence in other European markets.

Locally the group announced in November 2015 the acquisition of the pharmaceutical business, Akacia Healthcare, for R1.9 billion, including a GMP accredited production facility. Akacia sells the market leading Reuterina probiotic range and the strong cold and flu brands Sinucon and Sinuend.

40% revenue growth

The group's revenue for the six months increased by 40% to R1.9 billion, driven by new product launches, international growth and acquisitions concluded over the past year, including revenue of R212 million from Farmalider.

Revenue from foreign markets increased by 220% to R365 million, accounting for 20% of total sales. “We are targeting to achieve 30% revenue from outside South Africa by 2017 through exports, establishing offshore offices and acquiring international businesses. Ascendis brands are currently exported to more than 50 countries globally,” said Dr Wellner.

On the plans for the remainder of the financial year, Dr Wellner says the group will continue to focus on international acquisitive growth to further improve its hard currency revenue base.

“We are currently evaluating opportunities to acquire companies for all three divisions in Australia and Europe. In South Africa, we are in negotiations for further bolt-on acquisitions across all divisions.”

Operationally the group’s priorities are to improve margins through strict cost control and focus on efficiencies, finalise the Sports Nutrition joint production project, open new routes to market in South Africa, accelerate growth in export sales and continue new product development and innovation.

Dr Wellner says the group will continue to pursue its organic, acquisitive and synergistic growth strategies as it develops Ascendis into a global company founded on strong South African health brands.

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